GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1957
ANSWERED ON:31.07.2015
Retail Inflation
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Will the Minister of FINANCE be pleased to state:

(a) whether the retail inflation has increased during the last three months;
(b) if so, the details thereof and the reasons therefor;
(c) the effect it is likely to have on the monetary policy including reduction in loan rates; and
(d) the steps taken by the Government to check the surge in inflation?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) & (b) Inflation based on Consumer Price Index − New Series (Base 2012=100) is given in Table 1:
Table 1: Consumer price inflation (in per cent)
Period Apr-15 May-15 Jun-15
CPI-NS 4.9 5.0 5.4
Source: CSO; Note: Figure for June 2015 is provisional

The increase in retail inflation in last two months is due to rise in inflation of groups like pulses and products, meat & fish, spices and Pan, tobacco & intoxicants.

(c) The Reserve Bank in its Second Bi-monthly Monetary Policy Statement of 2015-16 on June 2, 2015 noted that, "Banks have started passing through some of the past rate cuts into their lending rates, headline inflation has evolved along the projected path, the impact of unseasonal rains has been moderate so far, administered price increases remain muted, and the timing of normalisation of US monetary policy seems to have been pushed back. With low domestic capacity utilization, still mixed indicators of recovery, and subdued investment and credit growth, there is a case for a cut in the policy rate today". Accordingly, the policy repo rate was reduced by 25 basis points from 7.5 per cent to 7.25 per cent with immediate effect.

(d) Government took a number of steps to check the surge in inflation, particularly food inflation. Some of the major steps taken by the Government recently are:

â€¢ Extension of zero import duty on pulses till 30-09-2015;
â€¢ Export ban on pulses until further orders, except for Kabuli Channa and up to 10,000 MT per annum for Organic pulses & Lentils;
â€¢ Stock limit on pulses and edible oils extended till 30-09-2015;
â€¢ Stock limit on onion extended till 2nd July, 2016.